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**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana**

Financial Statements

As of and for the Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/25/09

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended December 31, 2006

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INDEPENDENT AUDITOR'S REPORT

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

I have audited the accompanying basic financial statements of the Lakeview Waterworks District of the Parish of Caddo, Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I express no such opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Lakeview Waterworks District of the Parish of Caddo, Shreveport, Louisiana, as of December 31, 2006, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report, dated March 23, 2009, on my consideration of the Lakeview Waterworks District of the Parish of Caddo, Shreveport, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The Lakeview Waterworks District of the Parish of Caddo, Shreveport, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming opinions on the basic financial statements of the Lakeview Waterworks District of the Parish of Caddo, Shreveport, Louisiana taken as a whole. The accompanying financial information listed as "supplementary information" in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
March 23, 2009

BASIC FINANCIAL STATEMENTS

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Statement of Net Assets

December 31, 2006

<u>Assets</u>	
Current assets:	
Cash and cash equivalents:	
Cash and demand deposits	\$ 3,386
Receivables	48,610
Interest receivable	2,078
Prepaid expenses	2,507
Total current assets	<u>56,581</u>
Restricted Assets:	
Cash and cash equivalents:	
Demand deposits	<u>11,269</u>
Non-current assets:	
Investments	96,114
Capital assets (net of accumulated depreciation)	186,432
Total non-current assets	<u>282,546</u>
Total assets	<u>350,396</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	39,716
Payroll taxes payable	1,589
Total current liabilities	<u>41,305</u>
Payable from restricted assets:	
Customer deposits	<u>109,009</u>
Total liabilities	<u>150,314</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	186,432
Unrestricted	13,650
Total net assets	<u>\$ 200,082</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Statement of Revenues, Expenses and
Changes in Net Assets

For the Year Ended December 31, 2006

Operating Revenues:	
Charges for services:	
Water sales	\$ 353,011
Other operating revenues	3,216
Total operating revenues	<u>356,227</u>
Operating Expenses:	
Cost of sales and services:	
Water purchased	309,291
Repairs and maintenance	34,033
Inspection and testing	5,617
Operating supplies	4,755
Meter reading	4,210
Total cost of sales and services	<u>357,906</u>
General and administrative:	
Office salaries and related expenses	17,163
Legal and accounting	6,408
Insurance	3,321
Repairs and maintenance	2,337
Utilities and telephone	3,513
Postage	1,816
Office supplies	874
Other	1,793
Total general and administrative	<u>37,225</u>
Depreciation	<u>32,501</u>
Total operating expenses	<u>427,632</u>
Operating income (loss)	<u>(71,405)</u>
Non-operating Revenues:	
Interest earnings	4,083
Gain on sale of capital assets	5,100
Total non-operating revenues	<u>9,183</u>
Income (Loss) Before Contributions	<u>(62,222)</u>
Contributions and donations	<u>262,304</u>
Change in Net Assets	200,082
Total Net Assets - beginning	-
Total Net Assets - ending	<u><u>\$ 200,082</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Statement of Cash Flows

For the Year Ended December 31, 2006

Cash Flows From Operating Activities	
Receipts from customers and users	\$ 307,617
Payments to suppliers	(350,666)
Payments to employees	(15,937)
Net Cash Used by Operating Activities	<u>(58,986)</u>
Cash Flows From Noncapital Financing Activities	
Contribution from Lakeview Water Company, Inc.	163,203
Net Cash Provided by Noncapital Financing Activities	<u>163,203</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(553)
Proceeds from sale of capital assets	5,100
Net Cash Provided by Capital and Related Financing Activities	<u>4,547</u>
Cash Flows From Investing Activities	
Purchase of investments	(96,114)
Interest received	2,005
Net Cash Used by Investing Activities	<u>(94,109)</u>
Net Increase in Cash and Cash Equivalents	14,655
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	<u><u>\$ 14,655</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Statement of Cash Flows

For the Year Ended December 31, 2006

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities

Operating income (loss)		\$ (71,405)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	\$ 32,501	
Increase in accounts receivable	(48,610)	
Increase in prepaid expense	(2,507)	
Decrease in customer deposits	(10,270)	
Increase in accounts payable	39,716	
Increase in payroll taxes payable	1,589	
Total adjustments		<u>12,419</u>

Net Cash Provided by Operating Activities

\$ (58,986)

Noncash investing, capital, and financing activities:

Capital assets of \$218,380 were acquired through contributions
from the Lakeview Water Company, Inc.

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**

A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements

December 31, 2006

Introduction:

The Lakeview Waterworks District of Caddo Parish, Louisiana (District) was created by the Caddo Parish Commission by ordinance Number 4353 of 2005 on March 17, 2005 as authorized by Louisiana Revised Statute 33:3811. The purpose of the District is to provide water service to the residents of the District. The District is located adjacent to and in proximity of Cross Lake and is domiciled at 3205 Lorraine Street, Shreveport, Louisiana. The affairs of the District are conducted and managed by a board of five (5) commissioners appointed by the Caddo Parish Commission. The commissioners of the District serve five year terms.

On January 26, 2006, all assets and liabilities of the Lakeview Water Company, Inc., a non-profit corporation providing water service to approximately 725 customers located north of Shreveport Louisiana were transferred to the District.

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all relevant Government Accounting Standards Board (GASB) pronouncements. The District's proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

1. Summary of Significant Accounting Policies:

The accounting and reporting framework and the more significant accounting policies of the District are described as follows:

- A. Reporting Entity – As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission (police jury) is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (Parish Commission), (b) organizations for which the primary government is financially responsible, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Notes to the Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (Continued):

A. Reporting Entity (Continued):

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Parish Commission for financial reporting purposes. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Caddo Parish Commission to impose its will on that organization and / or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Caddo Parish Commission.
2. Organizations for which the Caddo Parish Commission does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As provided by Louisiana Revised Statute 33:3811, the Caddo Parish Commission may, by ordinance, create or abolish the District in its entirety or may change or alter its boundaries. The Caddo Parish Commission appoints the commissioners of the District and the commissioners serve at the pleasure of the Caddo Parish Commission. The Lakeview Waterworks District of the Parish of Caddo was therefore determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Caddo Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**

A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Notes to the Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (Continued):

- B. Fund Accounting - The District uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The individual funds account for the resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the District are classified as proprietary funds. Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the District's proprietary fund type:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund is:

- *Water Fund* – Accounts for the provision of water service to the residents of the District. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Measurement focus is a term used to describe "which" transactions are recorded within the financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The basic financial statements of the District are reported using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

The amounts reflected in the financial statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with District activities are reported. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Notes to the Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued) -

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

D. Cash and Cash Equivalents and Investments – Cash and cash equivalents include cash on hand, amounts in demand deposits, interest bearing demand deposits, time deposits (certificates of deposit), and short term, highly liquid investments with original maturities of three months or less when purchased. Investments are interest-bearing time deposits with original maturity dated in excess of three months when purchased. Investments are stated at cost, which approximates market value.

The District's investments comply with Louisiana Revised Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

E. Receivables - Customer's water charges are the District's major receivable. The District has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

F. Capital Assets – Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Capital assets purchased or acquired by the District are reported at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets include property, plant, equipment, and distribution systems. The District maintains a threshold level of \$400 or more for capitalizing assets.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Notes to the Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (Continued):

F. Capital Assets (Continued) -

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land	N/A
Building and improvements	15-31.5 years
Equipment	5 years
Distribution system	7-15 years

G. Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond December 31, 2006 are recorded as prepaid expenses.

H. Restricted Assets – Restricted assets include cash and cash equivalents that are legally restricted as to their use. The restricted assets are related to the customer's water deposits.

I. Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

J. Fund Equity - Equity (the difference between assets and liabilities) is classified as net assets and is reported in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – Consists of all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Notes to the Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies (Continued):

- K. Risk Management -- The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for the risk of loss including automobile liability, general liability, property damage, and workers compensation.

2. Cash and Cash Equivalents and Investments:

Cash and Cash Equivalents:

At December 31, 2006, the District had cash and cash equivalents (book balances) totaling \$14,655 as follows:

Cash on hand	\$ 150
Demand deposits	14,505
	<u>\$ 14,655</u>

Investments:

At December 31, 2006, the District had investments (book balances) totaling \$96,114 as follows:

Time Deposits	<u>\$ 96,114</u>
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These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the District in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Notes to the Financial Statements

December 31, 2006

2. Cash and Cash Equivalents (Continued):

The cash equivalents and investments of the District are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. At year end, the District had collected bank balances of \$134,067 which were partially protected by \$100,000 of federal depository insurance. As of December 31, 2006, the District had deposits totaling \$34,067 that were not protected from custodial credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer will not fulfill its obligation to the holder. The District's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

3. Receivables:

As of December 31, 2006, receivables consist of the following:

Water sales - billed	\$ 32,834
Water sales- unbilled	<u>15,776</u>
	<u><u>\$ 48,610</u></u>

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Notes to the Financial Statements

December 31, 2006

4. Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2006 for the District is as follows:

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
Capital assets not being depreciated:				
Land	\$ -	\$ 12,622	\$ -	\$ 12,622
Capital assets being depreciated:				
Buildings and improvements	-	34,261	-	34,261
Equipment	-	1,639	-	1,639
Distribution system	-	170,411	-	170,411
Total capital assets being depreciated	-	206,311	-	206,311
Less accumulated depreciation for:				
Buildings and improvements	-	2,008	-	2,008
Equipment	-	783	-	783
Distribution system	-	29,710	-	29,710
Total accumulated depreciation	-	32,501	-	32,501
Total capital assets - net	\$ -	\$ 186,432	\$ -	\$ 186,432

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana
Notes to the Financial Statements

December 31, 2006

5. Contingencies and Concentrations:

Lawsuits

The District is not currently named as defendant in any current or pending litigation.

Concentrations

The District's primary source of water to supply its customers is through a contract with the City of Shreveport, Louisiana, whereby water is provided by the City to the District at the Lucas Treatment Plant through a ten inch water line. The loss of this water source or a significant reduction in the availability of water could have a material adverse effect on the District. The District believes that its relationship with the City of Shreveport is satisfactory.

6. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the year ended December 31, 2006.

SUPPLEMENTARY INFORMATION

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Commissioner's Compensation

For the Year Ended December 31, 2006

The schedule of compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The commissioners of the District serve without compensation.

	<u>Meetings Attended</u>	<u>Pay Received</u>
Commissioners:		
Mark Bates	11	\$ -
Harry Lowery	13	-
Glen McGregor	4	-
Gale Smith	13	-
Lonzo Stewart	13	<u>-</u>
Totals		<u><u>\$ -</u></u>

The terms of the District's commissioners are staggered with one commissioner's term ending each year.

See the accompanying independent auditor's report.
Supplementary Schedule. Presented for purposes of additional analysis only.

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS AND
THE LOUISIANA GOVERNMENTAL AUDIT GUIDE**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards**

The Board of Commissioners
Lakeview Waterworks District of the Parish of Caddo
Shreveport, Louisiana

I have audited the basic financial statements of the Lakeview Waterworks District of the Parish of Caddo, Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2006, and have issued my report thereon dated March 23, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. I consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting. 06-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider item 06-4 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 06-1, 06-2, and 06-3.

The District's response to the findings identified in my audit is included in the accompanying "Management's Corrective Action Plan". I did not audit the District's response, and accordingly, I express no opinion on it.

This report is intended solely for the information and use of the management of Waterworks District of the Parish of Caddo, Shreveport, Louisiana, the District's Board of Commissioners, the Caddo Parish Commission, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is a public document and its distribution is not limited.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
March 23, 2009

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings

December 31, 2006

A. Summary of Auditor's Results

Financial Statements:

1. The Auditor's report expresses an unqualified opinion on the basic financial statements.
2. The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* reports one (1) reportable condition related to internal control over financial reporting.
3. The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* reports three (3) reportable conditions of noncompliance material to the financial statements.
4. Management's Summary Schedule of Prior Findings is included in the financial statements.
5. No Memorandum of Other Comments and Recommendations was issued.
6. Management's Corrective Action Plan is included in the financial statements.

B. Findings Relating to the Financial Statements Which are Required to be Reported Under *Government Auditing Standards*.

FINDINGS RELATED TO COMPLIANCE

Item: 06-1

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a) requires "audits shall be completed within six months of the close of the entity's fiscal year".

Condition:

The District's annual financial audit was not completed and filed with the Louisiana Legislative Auditor on or before June 30, 2007.

Questioned costs:

None

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings

December 31, 2006

Context:

The District filed its annual financial statements with the Louisiana Legislative Auditor after the statutory due date.

Effect:

The District is in non-compliance with Louisiana Revised Statute 24:513(A) (5) (a).

Cause:

The District was unable obtain an engagement with a certified public accountant to perform the annual audit in a timely manner.

Recommendation:

The District should make every possible effort to complete the annual audit and file the required financial reports with the Louisiana Legislative Auditor on or before the June 30 due date.

Item: 06-2

Criteria or specific requirement:

Under state law, bank deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Condition:

As of December 31, 2006, deposits totaling \$34,067 were not properly secured by FDIC insurance or the pledge of securities.

Questioned costs:

None

Context:

The District is not in compliance with Louisiana statutes.

Effect:

The assets of the District are not properly protected and are at risk to loss.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings

December 31, 2006

Cause:

The District was unaware of the collateralization requirements.

Recommendation:

The District should review the collateral pledged to secure its deposits on a monthly basis and request additional pledges as required.

Item: 06-3

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S.) 39:1212 requires all funds of the District to be deposited daily whenever practicable.

Condition:

The District's collections are not deposited in a timely (i.e. daily) manner.

Questioned costs:

None

Context:

The District normally deposits customer collections into its operating account only five or six times each month.

Effect:

The District is in non-compliance with Louisiana Revised Statute 39:1212. Failure to make timely deposits of customer receipts greatly increases the risk of fraud.

Cause:

The District was not aware of the requirements for timely deposit of funds.

Recommendation:

The District should make every possible effort to make daily deposits of customer receipts.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Schedule of Findings

December 31, 2006

FINDINGS RELATED TO INTERNAL CONTROL

Item: 06-4

Criteria or specific requirement:

Effective internal control requires a proper segregation of incompatible duties.

Condition:

The District's water clerk performs substantially all daily accounting duties. These duties include but are not limited to entering monthly customer usage into the billing software, preparing and mailing monthly customer bills, preparing billing adjustments and non-cash credits, collecting payments for services, recording customer payments into the billing system, preparing and posting customer late payment charges, making bank deposits, preparing disbursement checks, and mailing disbursement checks.

Questioned costs:

None

Context:

The water clerk is performing incompatible accounting duties without appropriate mitigating procedures being performed.

Effect:

Without a proper segregation of duties, errors or fraud could occur and not be detected, increasing the risk of loss or theft of assets.

Cause:

Unknown

Recommendation:

The District should hire additional employees, if practical, to assist in the accounting function and separate incompatible duties in order to prevent risk of loss or fraud and safeguard assets. If it is not practicable to hire additional employees, the board of directors should perform accounting functions sufficient to mitigate risk of error or misstatement.

**LAKEVIEW WATERWORKS DISTRICT
OF THE PARISH OF CADDO**
A Component Unit of the Caddo Parish Commission
Shreveport, Louisiana

Summary Schedule of Prior Audit Findings

December 31, 2006

FINDINGS RELATED TO COMPLIANCE

None

FINDINGS RELATED TO INTERNAL CONTROL

None

LAKEVIEW WATERWORKS DISTRICT

3205 Lorraine Street
Shreveport, LA 71107
Telephone (318) 222-4971

The management of the Waterworks District of the Parish of Caddo, Shreveport, Louisiana, submits the following corrective plan of action in response to the findings included in the Schedule of Findings. The responses are numbered consistently with the numbers assigned in the schedule.

FINDINGS RELATED TO COMPLIANCE

Item 06-1 – Timely filing of annual audit report.

The 2008 annual audited financial statements will be filed on or before June 30, 2009.

Item 06-2 – Securities Pledged as Collateral for Deposits with Financial Institutions.

The District will request the financial institution to provide securities as collateral for its deposits.

Item 06-3 – Daily Deposit of Funds.

The water clerk will deposit District collections on a daily basis.

06-04 – Segregation of Duties.

Due to the small size of the District, hiring additional personnel to solve this problem is not financially feasible. The commissioners will perform certain procedures to mitigate the risk of lack of segregation of incompatible accounting duties.